

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

F

W-01654A
Farmers Water Co
P. O. Box 7
Sahuarita AZ 856290007

RECEIVED

APR 12 2005

AZ Corporation Commission
Director Of Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2004
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FOR COMMISSION USE

ANN04	04
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COMPANY INFORMATION

Company Name (Business Name) FARMERS WATER CO.

Mailing Address P.O. BOX 7 (1525 E. SAHUARITA RD.)
(Street)

SAHUARITA
(City)

AZ
(State)

85629
(Zip)

520-879-7474
Telephone No. (Include Area Code)

520-791-2853
Fax No. (Include Area Code)

N/A
Pager/Cell No. (Include Area Code)

Email Address N/A

Local Office Mailing Address P.O. BOX 7 (1525 E. SAHUARITA RD.)
(Street)

SAHUARITA
(City)

AZ
(State)

85629
(Zip)

520-879-7474
Local Office Telephone No. (Include Area Code)

520-791-2853
Fax No. (Include Area Code)

N/A
Pager/Cell No. (Include Area Code)

Email Address N/A

MANAGEMENT INFORMATION

Management Contact: WARREN E. CULBERTSON CEO
(Name) (Title)

1525 E. SAHUARITA RD.
(Street)

SAHUARITA
(City)

AZ
(State)

85629
(Zip)

520-879-7473
Telephone No. (Include Area Code)

520-791-2853
Fax No. (Include Area Code)

520-400-2111
Pager/Cell No. (Include Area Code)

Email Address N/A

On Site Manager: JOHN (JACK) MILLER
(Name)

1525 E. SAHUARITA RD.
(Street)

SAHUARITA
(City)

AZ
(State)

85629
(Zip)

520-879-7433
Telephone No. (Include Area Code)

520-791-2853
Fax No. (Include Area Code)

520-444-7820
Pager/Cell No. (Include Area Code)

Email Address N/A

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: T. PATRICK GRIFFIN

(Name)

1 SOUTH CHURCH AVE.

(Street)

TUCSON

(City)

AZ

(State)

85701

(Zip)

520-791-3836

Telephone No. (Include Area Code)

520-624-5080

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: SAME AS ABOVE

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☒ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI


☐ YUMA

☐ STATEWIDE

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	-	-	-
302	Franchises	6,893	-	6,893
303	Land and Land Rights	-	-	-
304	Structures and Improvements	16,000	10,787	5,213
307	Wells and Springs	172,410	91,791	80,619
311	Pumping Equipment	160,570	109,038	51,532
320	Water Treatment Equipment	10,550	8,543	2,007
330	Distribution Reservoirs and Standpipes	451,289	303,608	147,681
331	Transmission and Distribution Mains	3,402,080	744,025	2,658,055
333	Services	375,760	75,199	300,561
334	Meters and Meter Installations	135,338	61,899	73,439
335	Hydrants	146,881	32,373	114,508
336	Backflow Prevention Devices	-	-	-
339	Other Plant and Misc. Equipment	-	-	-
340	Office Furniture and Equipment	26,814	14,251	12,563
341	Transportation Equipment	19,247	19,247	-
343	Tools, Shop and Garage Equipment	-	-	-
344	Laboratory Equipment	-	-	-
345	Power Operated Equipment	-	-	-
346	Communication Equipment	-	-	-
347	Miscellaneous Equipment	-	-	-
348	Other Tangible Plant	-	-	-
	TOTALS	4,923,832	1,470,761	3,453,071

This amount goes on the Balance Sheet Acct. No. 108



CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	-	-	-
302	Franchises	6,893	-	-
303	Land and Land Rights	-	-	-
304	Structures and Improvements	16,000	4.0%	640
307	Wells and Springs	11,854 160,556	0.0% 4.0%	- 6,422
311	Pumping Equipment	12,673 147,897	10.0% 4.0%	1,267 5,916
320	Water Treatment Equipment	3,490 6,000 1,060	0.0% 4.0% 20.0%	- 240 212
330	Distribution Reservoirs and Standpipes	6,700 6,835 437,754	10.0% 6.7% 4.0%	- 456 17,510
331	Transmission and Distribution Mains	13,347 3,388,733	0.0% 4.0%	- 131,369
333	Services	375,760	4.0%	14,782
334	Meters and Meter Installations	11,037 20,801 103,500	0.0% 4.0% 10.0%	- 832 10,350
335	Hydrants	146,881	4.0%	5,875
336	Backflow Prevention Devices	-	-	-
339	Other Plant and Misc. Equipment	24,162 2,652	0.0% 21.4%	- 568
340	Office Furniture and Equipment	13,747 5,500	0.0% 13.9%	- 764
341	Transportation Equipment	-	-	-
343	Tools, Shop and Garage Equipment	-	-	-
344	Laboratory Equipment	-	-	-
345	Power Operated Equipment	-	-	-
346	Communication Equipment	-	-	-
347	Miscellaneous Equipment	-	-	-
348	Other Tangible Plant	-	-	-
	TOTALS	4,923,832		197,202

This amount goes on the Comparative Statement of Income and Expense
Acct. No. 403.

BALANCE SHEET

09/30/03

09/30/04

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ (19,694)	\$ (196)
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	36,779	36,711
146	Notes/Receivables from Associated Companies	695,518	771,094
151	Plant Material and Supplies		
162	Prepayments	4,845	20
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 717,448	\$ 807,629
	FIXED ASSETS		
101	Utility Plant in Service	\$ 4,012,967	\$ 4,939,575
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(1,273,559)	(1,470,761)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 2,739,408	\$ 3,468,814
	TOTAL ASSETS	\$ 3,456,857	\$ 4,276,443

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

09/30/03

09/30/04

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$ 10,611	\$ 3,269
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	17,482	23,026
	TOTAL CURRENT LIABILITIES	\$ 28,093	\$ 26,295
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ 3,128,195	\$ 3,974,606
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	379,773	385,727
272	Less: Amortization of Contributions	(51,396)	(51,882)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 3,456,572	\$ 4,308,451
	TOTAL LIABILITIES	\$ 3,484,664	\$ 4,334,746
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 2,500	\$ 2,500
211	Paid in Capital in Excess of Par Value	497,500	497,500
215	Retained Earnings	(527,807)	(558,303)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ (27,807)	\$ (58,303)
	TOTAL LIABILITIES AND CAPITAL	\$ 3,456,857	\$ 4,276,443

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

09/30/03

09/30/04

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 409,128	\$ 422,409
460	Unmetered Water Revenue	0	0
474	Other Water Revenues	10,067	8,495
	TOTAL REVENUES	\$ 419,196	\$ 430,904
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 112,323	\$ 152,654
610	Purchased Water		
615	Purchased Power	30,200	32,785
618	Chemicals		
620	Repairs and Maintenance	156,219	41,524
621	Office Supplies and Expense	11,797	13,888
630	Outside Services	8,445	6,009
635	Water Testing	10,656	21,280
641	Rents		
650	Transportation Expenses	3,088	3,329
657	Insurance – General Liability		2,400
659	Insurance - Health and Life	22,160	10,120
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	6,976	7,049
403	Depreciation Expense /Amortization	110,368	145,320
408	Taxes Other Than Income		
408.11	Property Taxes	20,788	25,041
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 493,020	\$ 461,399
	OPERATING INCOME/(LOSS)	\$ (73,824)	\$ (30,495)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	\$ (73,824)	\$ (30,495)

COMPANY NAME

FARMERS WATER CO

09/30/04

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	NONE			
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 0

Meter Deposits Refunded During the Test Year

\$ 0

WATER COMPANY PLANT DESCRIPTION**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-534922(S-52A)	30	150	1500	8	4	1992
55-624001(S-52)	125	750	1200	14/12	8	1974
55-624012(E-5A)	75	750	520	16	8	1959
55-624011(E-3A)	125	1100	1100	18/16 14/10	8	1975
55-624025(W-11)	200	2200	1186	18/16	12	1974
55-624028(NP-2)	10	35	375	16	2	1977

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
55-543409 (Golf Course/Back Up)	1000	0

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
1	1	207	
3	1		
15	6		
25	2		
30	3		
50	2		
60	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
1,000,000 gallons	2	5,000	6
17,500 gallons	2	10,000	1
8,000 gallons	1		

WATER COMPANY PLANT DESCRIPTION (CONTINUED)**MAINS**

Size (in inches)	Material	Length (in feet)
2	iron	4357
3	iron	3379
4	iron	3657
5		
6	iron	1341
8	iron	150
10		
12	iron	533
4 6	PVC PVC	17,476 35,876
8	PVC	44,158
12 16	PVC PVC	19,977 600
4 6	ACP ACP	2,723 2,835
12	ACP	2,723

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	1458
3/4	107
1	95
1 1/2	13
2	41
Comp. 3	2
Turbo 3	
Comp. 4	1
Tubo 4	1
Comp. 6	1
Tubo 6	1

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

Four (4) chlorine tablet injection stations


STRUCTURES:

312 Square feet of storage and work sheds; 1476' of 6' chain link fencing.

OTHER:

Two (2) Ford F-150 Pick-ups; one (1) Ford Crown Victoria; miscellaneous tools, spare pipe, pipe fittings, meters and valves.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004**E5A****PWS 10049**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	312	3,923,592	5,265,426
FEBRUARY	319	4,215,596	4,971,509
MARCH	314	5,366,100	7,098,664
APRIL	318	5,147,230	8,119,555
MAY	322	7,092,910	8,589,107
JUNE	322	9,489,546	17,552,942
JULY	324	7,288,440	12,508,768
AUGUST	319	7,023,590	6,712,531
SEPTEMBER	323	6,753,810	10,970,099
OCTOBER	323	6,443,870	6,842,871
NOVEMBER	327	7,848,661	7,940,337
DECEMBER	334	6,855,335	7,983,350
TOTAL			104,555,159

Metered Not Billed (Irrigation/Flushing)**17,009,422****Is the Water Utility located in an ADWR Active Management Area (AMA)?**☒ Yes☐ No**Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?**☐ Yes☒ No**If yes, provide the GPCPD amount:** N/A**What is the level of arsenic for each well on your system.** .0061 mg/l*(If more than one well, please list each separately.)****Note: If you are filing for more than one system, please provide separate data sheets for each system.***

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004**NP2**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	20	135,790	139,900
FEBRUARY	19	91,830	93,400
MARCH	19	155,230	157,100
APRIL	20	156,530	153,400
MAY	20	188,690	183,500
JUNE	20	301,800	291,700
JULY	20	246,970	240,600
AUGUST	20	200,620	198,100
SEPTEMBER	20	241,830	233,700
OCTOBER	20	224,200	218,600
NOVEMBER	21	146,950	162,900
DECEMBER	21	144,790	163,000
TOTAL			2,235,900

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes ☐ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes ☒ No

If yes, provide the GPCPD amount: N/A

What is the level of arsenic for each well on your system. .0028 mg/l

(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

S52

PWS 10048

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	89	1,692,480	2,040,300
FEBRUARY	90	1,598,080	1,774,000
MARCH	91	2,369,360	2,675,000
APRIL	87	2,086,630	2,111,800
MAY	88	2,374,680	2,582,400
JUNE	88	3,391,910	3,529,400
JULY	87	2,055,190	2,117,700
AUGUST	87	2,954,450	3,428,500
SEPTEMBER	89	2,951,620	3,473,500
OCTOBER	88	2,365,820	2,696,300
NOVEMBER	90	2,403,840	2,574,200
DECEMBER	91	2,296,390	2,614,400
TOTAL			31,617,500

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes ☐ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes ☒ NoIf yes, provide the GPCPD amount: N/A

What is the level of arsenic for each well on your system.

S-52A .0036

S-52 .0037 mg/l

*(If more than one well, please list each separately.)****Note: If you are filing for more than one system, please provide separate data sheets for each system.***

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

W11

PWS 10213

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	1230	6,035,464	6,481,176
FEBRUARY	1252	6,323,562	6,408,837
MARCH	1261	7,454,705	11,449,427
APRIL	1250	7,423,023	10,307,319
MAY	1252	7,809,556	7,781,322
JUNE	1262	10,673,540	10,905,581
JULY	1278	8,272,432	8,491,351
AUGUST	1266	7,793,350	8,342,111
SEPTEMBER	1290	7,139,340	7,871,257
OCTOBER	1283	7,345,032	7,778,389
NOVEMBER	1285	7,873,281	7,826,615
DECEMBER	1292	8,420,384	9,596,312
TOTAL			103,239,697

Metered Not Billed Torres Blancas Golf
Course Back Up

5,018,105

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes☐ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes☒ No

If yes, provide the GPCPD amount: N/A

What is the level of arsenic for each well on your system. .0077 mg/l

(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

09/30/04
COMPANY NAME FARMERS WATER CO YEAR ENDING 12/31/2004

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 23,814.86 (Fiscal Year)
21,447.41 (Calendar Year)

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

130 01563

PAYEE	DATE	PAYMENT NUMBER	CHECK DATE	DESCRIPTION	GROSS AMOUNT	AMOUNT PAID
9836390800	10/1/2004			1ST HALF 2004 TAXES	\$7,335.46	\$7,335.46
9898390105	10/1/2004			1ST HALF 2004 TAXES	\$9.09	\$9.09
3046573585	10/1/2004			1ST HALF 2004 TAXES	\$12.05	\$12.05
3041894308	10/1/2004			1ST HALF 2004 TAXES	\$12.05	\$12.05
3041894205	10/1/2004			1ST HALF 2004 TAXES	\$14.24	\$14.24
3041893907	10/1/2004			1ST HALF 2004 TAXES	\$14.24	\$14.24
30418098F9	10/1/2004			1ST HALF 2004 TAXES	\$14.24	\$14.24
30418098E0	10/1/2004			1ST HALF 2004 TAXES	\$12.05	\$12.05
30418097D8	10/1/2004			1ST HALF 2004 TAXES	\$12.05	\$12.05
30418092G0	10/1/2004			1ST HALF 2004 TAXES	\$12.05	\$12.05
30418092F1	10/1/2004			1ST HALF 2004 TAXES	\$12.05	\$12.05

COMMENT

Stub Totals: \$9,590.61 \$9,590.61

*** CONTINUED ON REMITTANCE ***

FARMERS WATER CO. P.O. Box 7 Sahuarita, AZ 85629-0007		Wells Fargo Bank Ohio, N.A. 56-382 412		130 01563
PAY Nine Thousand Six Hundred Four Dollars And		DATE 11/1/2004		AMOUNT \$ 9,604.85
TO THE ORDER OF BETH FORD PIMA COUNTY TREASURER P O BOX 98765 PHOENIX AZ 85038-0765		CHECKS FOR AMOUNTS OVER \$5,000 REQUIRE 2 SIGNATURES		NON-NEGOTIABLE AUTHORIZED SIGNATURES

732.86+
 1,410.23+
 7,335.46+
 9.09+
 12.05+
 12.05+
 14.24+
 14.24+
 14.24+
 12.05+
 12.05+
 12.05+
 14.24+
 9,604.85T

0.00T

130 01563

13001418

COMMENT

Stub Totals: \$11,842.56 \$11,842.56

FARMERS WATER CO. P.O. Box 7 Sahuarita, AZ 85629-0007		Wells Fargo Bank Ohio, N.A.		13001418
		56-382 412	DATE 5/3/2004	AMOUNT
PAY Eleven Thousand Eight Hundred Forty Two Dollars And 55 Cents		\$ *****11,842.56		
TO THE ORDER OF BETH LIRE PIMA COUNTY TREASURER P.O. BOX 98765 PHOENIX, AZ 85036-0765		CHECKS FOR AMOUNTS OVER \$5,000 REQUIRE 2 SIGNATURES NON-NEGOTIABLE BY _____ BY _____ AUTHORIZED SIGNATURES		

13001418

A

COMMENT

Stub Totals:	\$11,972.30	\$11,972.30
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FARMERS WATER CO.		Wells Fargo Bank Ohio, N.A.	
P.O. Box 7		56-382	
Sahuarita, AZ 85629-0007		412	
		DATE	11/3/2003
		AMOUNT	13001320
PAY		\$	*****11,972.30
Eleven Thousand Nine Hundred Seventy Two Dollars And 30 Cents		CHECKS FOR AMOUNTS OVER \$5,000 REQUIRE 2 SIGNATURES	
TO THE ORDER OF		BY	
BETH BORD		NON-NEGOTIABLE	
PIMA COUNTY TREASURER		AUTHORIZED SIGNATURES	
P O BOX 98765			
PHOENIX AZ 85038-0765			

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11,842.56+

12.40+

14-60+

14-60+

14-60+

12-40+

12.40+

12.40+

12.40+

14-60+

9.34+

011

11,972.30T

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0-00T

13001320

COMPANY NAME FARMERS WATER CO09/30/04
YEAR ENDING 12/31/2004INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported
Estimated or Actual Federal Tax Liability~~NOT APPLICABLE AS TAX RETURNS
ARE FILED AS MEMBER OF A CONSOLIDATED
GROUP WITH FARMERS INVESTMENT CO.~~State Taxable Income Reported
Estimated or Actual State Tax Liability

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>934,408.50</u>
Amount of Gross-Up Tax Collected	<u>--</u>
Total Grossed-Up Contributions/Advances	<u>934,408.50</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Warren E. Culbertson
SIGNATURE

4.11.05
DATE

WARREN E. CULBERTSON
PRINTED NAME

CEO
TITLE

RECEIVED

APR 12 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)

PIMA

NAME (OWNER OR OFFICIAL) TITLE

WARREN E. CULBERTSON, CEO

COMPANY NAME

FARMERS WATER CO.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH

12

DAY

31

YEAR

2004

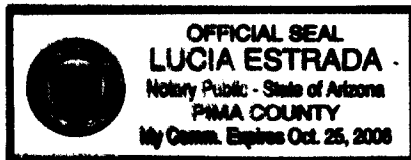
HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 454,800



(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 23,574

IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

Warren E. Culbertson
SIGNATURE OF OWNER OR OFFICIAL

520-879-7474

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

11th

DAY OF

(SEAL)

MY COMMISSION EXPIRES

10/25/06

COUNTY NAME

Pima

MONTH

April

2005

Lucia Estrada
SIGNATURE OF NOTARY PUBLIC

RECEIVED

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

APR 12 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

COUNTY OF (COUNTY NAME)	PIMA	
NAME (OWNER OR OFFICIAL)	WARREN E. CULBERTSON	TITLE CEO
COMPANY NAME	FARMERS WATER CO.	

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 317,115

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 17,492
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Warren E. Culbertson
SIGNATURE OF OWNER OR OFFICIAL

520-879-7474

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

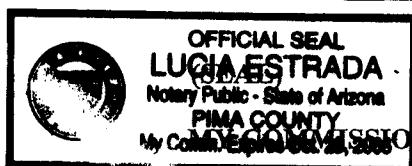
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

11th

DAY OF

NOTARY PUBLIC NAME	Lucia Estrada	
COUNTY NAME	Pima	
MONTH	april	2005



X *Lucia Estrada*
SIGNATURE OF NOTARY PUBLIC

FARMERS WATER CO.

FINANCIAL STATEMENTS
(Unaudited)

Fiscal Year Ended September 30, 2004

FARMERS WATER CO

YEAR ENDING 9-30-04

**REVENUE RECONCILIATION
FISCAL YEAR TO CALENDAR YEAR**

FISCAL YEAR OPERATING REVENUE 10/1/03 - 9/30/04 AS REPORTED ON PAGE 7	430,904
LESS: REVENUE 10/1/03 - 12/31/03	(104,601)
ADD: REVENUE 10/1/04 - 12/31/04	106,217
SALES TAX MONIES BILLED 1/1/04 - 12/31/04	<u>22,280</u>
	<u><u>454,800</u></u>

FARMERS WATER CO.

**Balance Sheet
Fiscal Year Ended September 30, 2004
(Unaudited)**

ASSETS

Current Assets:

Cash	(\$196)
Accounts Receivable	36,711
Due from Affiliated Company	771,094
Prepaid Expenses	20
Total Current Assets	<u>807,629</u>

Property and Equipment:

Franchise	6,893
Office Equipment	30,181
Transportation Equipment	19,248
Wells & Distribution Equipment	<u>4,883,253</u>
	<u>4,939,575</u>
Less: Accumulated Depreciation	<u>(1,470,761)</u>
Total Property and Equipment	<u>3,468,814</u>

\$4,276,443

LIABILITIES AND STOCKHOLDERS' EQUITY / (DEFICIT)

Liabilities:

Accounts Payable	\$3,269
Accrued Liabilities	23,025
Advances in Aid of Constr. - Meter Installs	144,892
Advances in Aid of Construction	<u>4,163,559</u>
Total Liabilities	<u>4,334,745</u>

Stockholders' Equity / (Deficit):

Common Stock	2,500
Excess Paid in Capital	497,500
Retained Earnings -- (Deficit)	<u>(558,303)</u>
Total Stockholders' Equity / (Deficit)	<u>(58,303)</u>

\$4,276,443

FARMERS WATER CO.

**Statement of Operations and Retained Earnings
For the Twelve Months Ended September 30, 2004
(Unaudited)**

Revenue:

Water Sales	\$422,409
Service Charges	7,716
Other Income	779
	<hr/>
	430,904

Cost of Sales:

Labor & Benefits	162,774
Property Taxes	25,041
Power-Electric	32,785
Pump & Pipeline Maintenance & Supplies	57,543
Laboratory Fees	10,604
Office Supplies & Other Expense	14,796
Insurance	2,400
Dues & Subscriptions	4,127
Legal & Accounting	6,009
Depreciation & Amortization	145,320
	<hr/>
	461,399

Net Income / (Loss) from Operations	<hr/>	(30,495)
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Retained Earnings (Deficit), Beginning of Year	<hr/>	(527,807)
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Retained Earnings (Deficit), End of Year	<hr/>	<u>(\$558,303)</u>
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